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AB 2339 & AB 850 Help City of Willows Sell Water System Assets to Local Water Utility California Water Service

Move Enables Both Parties to Enhance Service by Focusing on Core Business

SAN JOSE, Calif., Jan. 11, 2024 (GLOBE NEWSWIRE)—California Water Service (Cal Water), which has provided water utility service to the majority of Willows, Calif. since 1927, recently acquired the municipal water system assets of the City of Willows (Willows or City), which served the remainder of the city. The purchase, completed in late December 2023, was aided by California Assembly Bills 2339 and 850.

In 2018, the state enacted AB 2339, authored by Assemblymember Mike Gipson (D-Carson); it enabled select cities, including Willows, to more easily sell their municipal water systems when owning and operating the system was not economical or in the public interest. AB 850, authored by Assemblymember James Gallagher (R-Yuba City) and enacted in 2021, extended the sunset date set in AB 2339 through the end of 2023. The legislation allowed the City of Willows to sell its municipal water system without incurring substantial costs that would have otherwise been required and burdened this small community in northern California.

Ahead of the sale, a new water main was installed to extend Cal Water's existing service area to the City's customers. Cal Water then installed individual service lines to connect its new customers to the new main. While the municipal water system served a small number of customers, the sale is significant because the legislation and cooperation between partners facilitated this mutually beneficial outcome for the City, customers, and Cal Water, according to Cal Water Chairman and CEO Martin A. Kropelnicki.

"At Cal Water, we are focused on providing a reliable supply of safe, clean water to our customers, and this transition enables the City to focus on its core responsibilities as well," said Kropelnicki. "With the City and Cal Water serving Willows in our respective areas of expertise, local residents and businesses reap the benefit of high-quality service from both of us, and we look forward to serving our new City of Willows customers."

"The consolidation of these water systems is a major milestone in the effort to ensure the entire Willows community has access to safe, clean water. I am proud of the collaboration between the state, City of Willows, California Water Service, and the community to make this deal happen," said Gallagher. "Providing enough time to complete the process through AB 850 was a critical part of this process and I am honored to have been part of the effort."

"I am pleased and excited of the news that the City of Willows has been able to complete the sale of their water system to California Water Service, with the help of my bill, AB 2339," said Gipson. "When I authored AB 2339, I saw the need for small municipal public water systems

to have the ability to consolidate these systems, to ease the burden of maintenance, treatment, and energy on these communities. This deal will help ensure that clean, safe drinking water is available to more California communities, especially in rural areas like the City of Willows. These small communities are absolutely essential to the success of this state, and I applaud the cooperation and collaboration of all parties in getting this deal done."

"The project and acquisition will enhance future development in the area and relieves the City of Willows from the liabilities and costs of operating a small municipal system. At the same time, it allows our outstanding partner, Cal Water, to become the sole purveyor of water within the City and do what they do so very well: provide safe, reliable water to all of the residents and visitors to our City," said Gary Hansen, City of Willows Mayor. "On behalf of the City of Willows, I would like to take this opportunity to publicly thank Cal Water for their collaboration and willingness to effectively work together to better our community."

About California Water Service and California Water Service Group

California Water Service provides high-quality, reliable water and/or wastewater services to about 2 million people statewide through 496,400 service connections. It is the biggest subsidiary of California Water Service Group (Group) (NYSE: CWT), the largest regulated water utility in the western United States. In total, Group serves more than 2 million people in California, Hawaii, New Mexico, Washington, and Texas through its regulated subsidiaries, California Water Service, Hawaii Water Service, New Mexico Water Service, and Washington Water Service, and its utility holding company, Texas Water Service.

What sets Cal Water and Group apart is their commitment to enhancing the quality of life for their customers, communities, employees, and stockholders. Guided daily by their promise to provide quality, service, and value, the company's employees lead the way in working to protect the planet, care for people, and operate with the utmost integrity. Integral to Cal Water and Group's strategy is investing responsibly in water and wastewater infrastructure, sustainability initiatives, and community well-being. The company has been named one of "America's Most Responsible Companies" and the "World's Most Trustworthy Companies" by *Newsweek* and a Great Place to Work®, and Cal Water is No. 1 in Customer Satisfaction Among Large Water Utilities in the West Region* by J.D. Power. More information is available at www.calwater.com and www.calwatergroup.com.

*California Water Service received the highest score in the West Large segment of the J.D. Power 2023 U.S. Water Utility Residential Customer Satisfaction Study of customers' satisfaction nationally among water customers in the US. Visit jdpower.com/awards for more details.

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believes are reasonable but are subject to uncertainty and changes in circumstances. Actual results may vary materially from what is contained in a forward-looking statement. Factors that may cause actual results to be different than those expected or anticipated include, but are not limited to: ability to integrate the business and operate the City of Willows water system in an effective and accretive manner; natural disasters, public health crises, pandemics, epidemics or outbreaks of a contagious disease, such as the outbreak of coronavirus (or COVID-19); governmental and regulatory commissions' decisions, including decisions on proper disposition of property; consequences of eminent domain actions relating to our water systems; changes in regulatory commissions' policies and procedures; the timeliness of regulatory commissions' actions concerning rate relief and other actions; changes in water quality standards; changes in environmental compliance and water quality requirements; electric power interruptions; housing and customer growth trends; the impact of opposition to rate increases; our ability to recover costs; availability of water supplies; issues with the implementation, maintenance or security of our information technology systems; civil disturbances or terrorist threats or acts; the adequacy of our efforts to mitigate physical and cyber security risks and threats; the ability of our enterprise risk management processes to identify or address risks adequately; labor relations matters as we negotiate with unions; changes in customer water use patterns and the effects of conservation; the impact of weather, climate, natural disasters, and diseases on water quality, water availability, water sales and operating results, and the adequacy of our emergency preparedness; and other risks and unforeseen events. When considering forward-looking statements, you should keep in mind the cautionary statements included in this paragraph, as well as the Annual 10-K, Quarterly 10-Q, and other reports filed by Group from time-to-time with the Securities and Exchange Commission (SEC). Group is under no obligation, and assumes no obligation, to provide public updates of forward-looking statements, whether as a result of new information, future events, or otherwise.